

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street, Suite 3200
North Conference Room, 3rd Floor, Maricopa County Administration Building
Monday, September 30, 2013
Open Meeting Time: 11:00 a.m.

MINUTES

TRUSTEES PRESENT: Susan Strickler, Beverly Dupree, Rex Jorgensen,
Dan Robledo, Jim Steinkamp

TRUSTEES ABSENT: Brad Arnett

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Dave Hansen,
Tawn Austin, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder and an updated contact list to each Trustee and Staff member present. The folder included the meeting agenda; March 4, May 21, June 27, August 27 and September 4, 2013 meeting minutes, and the financial statements.

The Open Session meeting was called to order by Chairperson Strickler at 11:08 A.M. A quorum was present.

Approval of Meeting Minutes

Chairperson Strickler called for the approval of the March 4, 2013 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Robledo and seconded by Trustee Dupree. The March 4, 2013 meeting minutes were unanimously approved.

Chairperson Strickler called for the approval of the June 27, 2013 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Robledo and seconded by Trustee Dupree. The June 27, 2013 meeting minutes were unanimously approved.

Chairperson Strickler called for the approval of the August 27, 2013 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee

Dupree and seconded by Trustee Jorgensen. The August 27, 2013 meeting minutes were unanimously approved.

Chairperson Strickler called for the approval of the September 4, 2013 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Dupree and seconded by Trustee Steinkamp. The September 4, 2013 meeting minutes were unanimously approved.

Approval of the May 21, 2013 meeting minutes was deferred until the October 21, 2013 meeting.

Presentation and Discussion – Review of Financial Statements

Dave Hansen presented a review of the current assets and liabilities related to the Employee Benefits Trust Fund as reflected in the following financial reports:

- Statement of Revenues, Expenses, and Changes in Net Assets – YTD as of August 31, 2013
- Statement of Net Assets – August 31, 2013, June 30, 2013, June 30, 2012, and June 30, 2011
- Fund Balance Roll-Forward – Two Months Ended August 31, 2013
- Balance Sheet Details – August 31, 2013, June 30, 2013, June 30, 2012 and June 30, 2011
- Revenue & Expenses – Two Months Ended August 31, 2013
- Financial Commentary – August 2013

The question by Trustee Dupree in reference to the anticipated adjustment of the actuary's number provided for the Reserve for Losses and Loss Expenses was addressed and clarified. The County reports liability on a conservative basis so that the estimated liability reported is normally higher than the actual liability once all claims have been paid.

The questions by Trustee Steinkamp in reference to the reported liabilities were addressed and clarified. The County had actual liability claims for July and August only at the time of these financial statements. The Reserve for Losses and Loss Expenses calculation is through July only.

The question by Trustee Dupree in reference to the historical trend for the adjustment of the reserve calculation was addressed and clarified. It was confirmed that the County has until October 31st to correct the financial reporting based on the first quarter of actual claim data. Two years ago, the actuaries gave the County a Reserve for Losses and Loss Expenses calculation that was \$2.5 million lower than what actually occurred, so profits were over-reported by \$2.5 million. Consequently, the actuaries were required to reissue the Reserve Report. At this time, the actuaries have provided a Reserve for Losses and Loss Expenses estimate that could be understating the liability by \$1.7

million. This would be corrected as of the close out of the September financial statements, if needed.

The questions by Trustee Jorgensen in reference to the frequency of a Mercer presentation to the Board of Trustees were addressed and clarified. It was confirmed that the fiscal year ends June 30th and Mercer provides the Reserve Report once a year. The liability estimates are provided at the end of August and are based on the information provided to the County auditors. The Reserve Report for the current year comes next, but it has not been received yet.

The question by Trustee Robledo in reference to the reserve correction amount was addressed and clarified. It was confirmed that the reserve amount will be corrected prior to the completion of the County auditing process of the Trust Fund.

The question by Trustee Jorgensen in reference to the review and approval process for the Trust Fund audit was addressed and clarified. The existing Trust document does not specifically address the roles and responsibilities of the Trustees in regards to approving the audit.

The questions by Trustee Robledo in reference to the responsibility of the Board of Trustees in the auditing process were addressed and clarified. It was confirmed that when the Audit Report is submitted for review to the Board of Trustees it has already been audited according to the AZ State Statute 11-981. The AZ State Statute establishes the provision for an annual audit by an external auditor. The Board of Trustees will have the opportunity to review the audit and have any concerns addressed.

Discussion ensued on the responsibility of the Board of Trustees to endorse the audit as presented. The County suggested there be a future presentation by Mercer to the Board of Trustees in regards to the reserve analysis and reserve liability as included in the Annual Financial Statements.

The question by Trustee Steinkamp in reference to the expected loss of \$13 million by year-end was addressed and clarified. It was confirmed that by June 30, 2014 the expected loss would be approximately \$13 million, in accordance with the County's plan.

The question by Trustee Steinkamp in reference to the Health Savings Account funding was addressed and clarified. The County funds the Health Savings Account on July 1st.

The question by Trustee Dupree in reference to the need for a premium holiday was addressed and clarified. It was confirmed the fund balance remains high even following the Short Term Disability Rebate which paid out \$6.2 million. This is the County staff's reason to consider the need for a premium holiday.

Convene an Executive Session

Chairperson Strickler called for a motion to convene an Executive Session to discuss contract negotiation progress for the medical benefits vendor.

Trustee Robledo moved to convene to Executive Session and the motion was seconded by Trustee Dupree. The motion passed unanimously. The Executive Session convened at 11:35 A.M.

The Open Session meeting resumed at 11:55 A.M. immediately following the adjournment of the Executive Session.

Call to Public

Chairperson Strickler made a Call to the Public. No one from the public was present.

Parking Opportunity for Trustees

Meg Blankenship offered the option to the Trustees to either submit their parking expenses for attending these meeting for reimbursement or apply for access to the 4th Avenue Parking Structure, which requires badge access. The Contractor ID Form and Protective Services Courtesy Background Check Form were provided to each Trustee and if they're interested, the completed forms need to be returned to the Employee Benefits Division for processing.

Motion to Adjourn

Chairperson Strickler called for a motion to adjourn. The motion to adjourn was made by Trustee Jorgensen and seconded by Trustee Dupree. The motion passed unanimously.

The meeting was adjourned at 12:03 P.M.